

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 AGR-20 SS-20

NSC-10 PA-04 PRS-01 USIA-15 DRC-01 /178 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5927

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS UNN

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PASS AGRICULTURE

E.O.11652: N/A

TAGS: EAGR, OCON, EEC

SUBJECT: OCTOBER 22-23 EC COUNCIL OF MINISTERS' (AGRICULTURAL)
MEETING

REF: EC A-149 OF 5/18/72

1. SUMMARY: ON OCTOBER 22-23 THE EC COUNCIL OF AGRICULTURAL
MINISTERS HELD, IN THE WORDS OF BRITISH MINISTER OF AGRICULTURE
GODBAR, A "DULL AND FRUSTRATING" MEETING IN LUXEMBOURG. THE
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COUNCIL BECAME BOGGED DOWN IN DISCUSSIONS ON BILL-FARMING

AND ALCOHOL AND MADE LITTLE IF ANY PROGRESS ON THOSE ISSUES. THE COUNCIL DID EXTEND THE 1972/73 OLIVE OIL ARRANGMENTS UNTIL NOVEMBER 30. BELGIUM, SUPPORTED BY GERMANY, REQUESTED SAFEGUARD MEASURES AGAINST IMPORTS OF HOPS FROM THIRD COUNTRIES. THE COMMISSION RESPONDED THAT IT WILL IMMEDIATELY STUDY THE HOPS SITUATION IN THE EC. IN RESTRICTED SESSION, THE COUNCIL REPORTEDLY REACHED AN UNDERSTANDING UNDER WHICH ITALY WILL DEVALUE THE LIRE VIS-A-VIS THE UNIT OF ACCOUNT WHICH WOULD MEAN AN INCREASE IN CAP PRICES IN ITALY. THE COMMISSION'S ANTICIPATED REPORT ON PROTEIN SUPPLIES WAS NOT YET READY FOR COUNCIL CONSIDERATION. END SUMMARY.

2. HILL-FARMING: A GOOD PART OF THE COUNCIL MEETING WAS SPENT IN RESTRICTED SESSION DURING WHICH THE COUNCIL MOSTLY DISCUSSED THE COMMISSION'S PROPOSAL FOR AIDS TO HILL FARMERS (AND FARMERS IN OTHER "HANDICAPPED" REGIONS), THE COUNCIL REACHED SOME MEASURE OF AGREEMENT ON BASIC PRINCIPLES, BUT BECAME BOGGED DOWN ON THE QUESTION OF WHETHER OR NOT DAIRY COWS SHOULD BE INCLUDED AMONG CATTLE HERDS ELIGIBLE FOR COMMUNITY SUBSIDIES. GERMANY, IRELAND, AND ITALY PUSHED HARD FOR INCLUSION OF DAIRY COWS, BUT THE U.K. SAID ABSOLUTELY NO. THE PROPOSERS SAID THAT MOST OF THE MILK PRODUCED IN THESE AREAS WENT FOR CHEESE PRODUCTION; HOWEVER, THE BRITISH FELT THAT INCLUSION OF DAIRY CATTLE WOULD SIMPLY ADD TO THE COMMUNITY MILK SURPLUS. THE COMMISSION SUGGESTED A COMPROMISE UNDER WHICH ONLY CERTAIN SIZED DAIRY HERDS WOULD BE ELIGIBLE FOR GRANTS. HOWEVER, THE COUNCIL WAS UNABLE TO REACH AGREEMENT ON THIS COMPROMISE. IT BECOMES MORE AND MORE LIKELY THAT COUNCIL AGREEMENT ON A DIRECTIVE FOR AIDS TO HILL FARMERS WILL BE FORTHCOMING ONLY AS PART OF THE 1974/75 PRICE PACKAGE.

3. OLIVE OIL - THE COUNCIL DELAYED ACTION ON THE COMMISSION PROPOSAL FOR 1973/74 SUPPORT PRICES IN THE OLIVE-OIL SECTOR AND EXTENDED THE TERMINATION DATE OF THE 1972/73 PRICE SUPPORT ARRANGEMENTS FROM NOVEMBER 1 TO NOVEMBER 30. THE EUROPEAN PARLIAMENT HAS NOT YET GIVEN ITS OPINION ON THE COMMISSION PROPOSAL. IN ADDITION, ITALY OBJECTS TO THE COMMISSION PROPOSAL WHICH PROVIDES FOR A REDUCTION IN THE SUBSIDY TO OLIVE-OIL PRODUCERS.

4. HOPS - IN RESTRICTED SESSION, BELGIUM, SUPPORTED BY GERMANY, REPORTEDLY REQUESTED THE ESTABLISHMENT OF SAFEGUARD MEASURES AGAINST LIMITED OFFICIAL USE

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IMPORTS OF HOPS FROM THIRD COUNTRIES (INCLUDING THE U.S.). THE COMMISSION RESPONDED THAT IT WILL IMMEDIATELY UNDERTAKE A STUDY OF THE MARKET SITUATION FOR HOPS IN THE COMMUNITY.

5. ALCOHOL - BRITISH MINISTER OF AGRICULTURE GODBER, SUPPORTED BY THE DANES AND IRISH, I.E. THE NEW MEMBER STATES, AGAIN REJECTED THE COMMISSION PROPOSAL FOR AN ALCOHOL CAP (REFAIR). GODBER SAID THAT THE COUNCIL IS "WASTING ITS TIME" CONSIDERING THE PRESENT

COMMISSION PROPOSAL. DENMARK SUGGESTED DEFICIENCY PAYMENTS FOR PRODUCERS OF AGRICULTURAL ALCOHOL: HOWEVER, THE OTHER COUNCIL MEMBERS MORE OR LESS AGREED THAT THE DANISH SUGGESTIONS SHOULD NOT FORM THE BASIS FOR FURTHER DISCUSSION IN THE ABSENCE OF COMMISSION PROPOSALS FOR DEFICIENCY PAYMENTS. IT IS ANTICIPATED THAT THE COMMISSION WILL HAVE TO EITHER SUBSTANTIALLY REVISE ITS PRESENT PROPOSAL OR PRESENT AN ENTIRELY NEW PROPOSED CAP FOR ALCOHOL IN ORDER TO BREAK THE DEADLOCK IN THE COUNCIL.

6. ALSO IN RESTRICTED SESSION, THE COUNCIL REPORTEDLY REACHED AN UNDERSTANDING UNDER WHICH ITALY WILL DEVALUE THE LIRA RELATIVE TO THE UNIT OF ACCOUNT BY 4 PERCENT IN THE NEAR FUTURE AND BY AN ADDITIONAL 3.5 PERCENT EFFECTIVE APRIL 1, 1974. THE RESULT OF THIS DEVALUATION WOULD MEAN AN INCREASE IN CAP PRICES IN ITALY BY A CORRESPONDING AMOUNT. WE WILL REPORT FURTHER ON THIS "UNDERSTANDING" AS SOON AS MORE DETAILS BECOME AVAILABLE.

7. DENMARK REPORTED TO THE COUNCIL ON DIFFICULTIES IN APPLYING THE COUNCIL DIRECTIVES ON THE STRUCTURAL REFORM OF AGRICULTURE AND REQUESTED A DEROGATION FROM THE APPLICATION OF THESE MEASURES FOR A LIMITED PERIOD. THE COMMISSION WILL STUDY THE DANISH PROBLEM AND MAY MAKE PROPOSALS IN LINE WITH THE DANISH REQUEST.

8. THE COMMISSION REPORT ON MEASURES TO ENCOURAGE PRODUCTION OF PROTEIN-RICH CROPS IN THE EC WAS NOT READY FOR SUBMISSION TO THE COUNCIL. COMMISSION OFFICIALS ADVISE THAT THEY PLAN TO SUBMIT THIS REPORT TO THE CONCIL IN NOVEMBER FOR CONSIDERATION AT THE NEXT COUNCIL OF AGRICULTURAL MINISTERS' MEETING SCHEDULED FOR NOVEMBER 19-20. GREENWALD

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